



The California Alternative Payment Program Association

VIA ELECTRONIC MAIL: cathy.poncabare@gov.ca.gov

August 17, 2004

The California Performance Review
c/o Office of Governor Arnold Schwarzenegger
State Capitol
Sacramento, CA 95814

Re: CPR recommendations concerning subsidized child care

Dear Madams/Sirs:

The California Alternative Payment Program Association (CAPPAP) represents over 70 alternative payment programs that support and assist 443,000 children in California's neediest families. Our members distribute child care vouchers to providers so they may care for the children of these families; they support families by offering assistance and information about various State-supported services; and they assist providers by offering various resources. CAPPAP applauds the efforts of the California Performance Review (CPR), and we appreciate the opportunity to provide responses to the recent report. The following are CAPPAP comments on specific recommendations. We will continue to engage our member agencies in discussions of the impact of these recommendations may have both separately and collectively on the children and families we currently serve, as well as those we will serve in the future.

CAPPAP believes that many of the recommendations have merit. However, we would like to encourage further dialogue and discussion of coordinating the entire subsidized child care system versus further fragmenting, as these recommendations appear to do. We believe that the oversight of child care is best served under the California Department of Education (CDE), the agency that can enforce clear standards of care and education for children. Also, CAPPAP would like to engage affected stakeholders in the development of a system that values the provision of quality programs by quality providers.

I. HHSO4: Simplify California's Subsidized Child Care System to Deliver Better Services to Families

- A. Recommendation: *By January 2005, the California Health and Human Services Agency, or its successor, should work with the Secretary of Education and the California Department of Education to seek state legislation to merge CalWORKs child care Stages 1 and 2, and place responsibility for administration of child care for CalWORKs recipients under county welfare departments until families leave aid, effective July 1, 2006. When families no longer receive cash assistance, they would transition to a single set-aside in CDE's voucher program for low-income families.*
- i. We have concerns that as proposed, this language could result in families who are moving from cash aid will now be forced to stay on waiting lists for up to four years until such time as they may be served in the voucher program.
 - ii. The recommendation lacks a definition of "stable" in regards to a family's situation.
 - iii. The recommendation is vague in terms of when a family actually leaves aid and goes onto a waiting list.
 - iv. We support work between CHHS and CDE merging CalWORKs child care Stages 1 and 2, and placing responsibility for administration of child care under the jurisdiction of CDE.
 - v. We support guaranteed funding for Stage 3 families and their shift into general child care, coupled with ongoing funding to support all Stage 3 entering families and families on the waiting list, with a guaranteed annual COLA.
 - vi. We support development of language that would address current general child care waiting lists being converted to a "first come, first serve" basis.
 - vii. We believe that child care and development services should remain under the CDE where there is a commitment toward the establishment of quality as a benchmark for programs and providers.
- B. Recommendation: *By January 2005, the Health and Human Services Agency, or its successor, should seek legislation directing CalWORKs agencies to urge families to get on waiting lists when they begin participating in CalWORKs, but specifying that CalWORKs families would not become eligible to move out of the set-aside funding until they had been off cash aid for two years. The legislation would have an effective date of January 1, 2006*

- i. We believe that this proposal would significantly lower the eligibility for subsidized child care. Lowering the current eligibility of 75% of the state median income to 50% of the state median income will result in an immediate reduction of serviceable families in high cost counties.
- ii. We are confused about the intent of putting CalWORKs families on the waiting list and the “first come, first served” rationale.
- iii. We would request clarification of the status of those families currently on the waiting list. For instance, for families currently on the waiting list, and specifically those with incomes over the 50% SMI, would a separate grouping need to be created?

C. *Recommendation: By January 2005, the Health and Human Services Agency, or its successor, should work with the Secretary of Education and the California Department of Education to seek state legislation to give it the authority to reduce the number of CDE contracts by consolidating all dual-contract programs (federal/state) into single contracts; eliminating the latchkey program (with the option for agencies to convert their latchkey program to a general child care and development program); and converting the wrap-around preschool program into a general child care and development program, effective July 1, 2006. Legislation would include elimination of the relatively minor differences between the federal and state programs. Cost neutrality would be achieved by holding total contract maximum reimbursement amounts constant.*

- i. We support this idea to the extent that consolidations do not result in additional burdensome reporting requirements.
- ii. We would like clarification on those issues of sectarian nature where the state and federal guidelines differ. For instance, State contracts prohibit providers from engaging in religious instruction or worship, whereas Federal contracts allow for such activities.

II. HHSO5: Improving Protections for Children Receiving Child Care from Unlicensed Providers

A. *Recommendation: The Governor should work with the Legislature to limit approval of child care provider reimbursements pending TrustLine clearance to the standard processing time for clear records (60 days to allow for manual fingerprint delays).*

- i. We believe that to make the TrustLine process operate as it was intended, the state should limit payments pending TrustLine background check clearances and make the background clearance process more efficient.
 - ii. We believe that more dialogue must ensue to remedy those situations where county imposed requirements are in conflict with CPR recommendations.
 - ii. We believe that this recommendation further enforces our position of oversight for all programs be placed with the CDE.
 - iv. We believe special consideration should be given to small and agricultural counties where access to Live Scan is difficult.
- B. *Recommendation: By March 2005, the Health and Human Services Agency, or its successor, should amend its regulations (Eligibility and Assistance Standards Manual Section 47- 620.11) to require applications for TrustLine clearance—including fingerprints—be made within two weeks of the beginning of child care service instead of the current requirement of 28 days.*
 - i. See above.
- C. *Recommendation: The Governor should work with the Legislature to deny payment to providers pending background check clearance if the applicant has declared on his or her application that he or she has been convicted of a crime.*
 - i. We believe that there should be a clarification of “a crime” and would recommend discussions with the Child Care Law Center.
- D. *Recommendation: The Department of Social Services (DSS) should expedite the approval of the expanded TrustLine contract—based on the Kern County test program—to eliminate delays in processing and matching applications and fingerprints, improve data quality, and free staff resources for other higher priority work.*
 - i. We support this recommendation as long as further analysis is done to ensure outlying areas have access to Live Scan.
- E. *Recommendation: DSS should share additional information electronically with the California Child Care Resource and Referral Network that would allow the network to help applicants to better understand their rights and resolve their questions. This information includes the name of the licensing analyst who can answer the applicant’s questions about his/her application and whether the violation is exemptible.*

- i. We support the sharing of additional information pending discussion with the California Child Care Resource and Referral Network.

F. Recommendation: *DSS should inform the California Child Care Resource and Referral Network to use e-mail for notifications of clear or closed status to expedite notifications and save money. E-mails could be sent with receipts to ensure that payment agencies received and opened them.*

- i. We are concerned that this language does not address a “denied status.”
- ii. We support continued dialogue with stakeholders for clarification.

III. HHSO7: Increase Subsidized Child Care Quality

A. Recommendation: *The Governor should work with the Legislature to change the reimbursement rate for exempt care to 50 percent of the appropriate family child care home regional market rate ceiling. When the budgetary situation permits it, savings should be used to help providers improve the quality of care they provide and increase reimbursement rates for higher quality care.*

- i. We believe this recommendation also demonstrates our position of CDE retaining child care oversight.
- ii. We believe in the right of every child to receive quality child care. Therefore, we cannot support a recommendation that reduces pay to the 50% of the RMR; already considered to be too low.
- iii. We believe that a “floor” must be established in counties where 50% of the RMR would deplete the availability of providers.
- iv. We believe this recommendation unduly burdens parents who need odd or off hour child care such as evening and weekends. Exempt providers are often the only option for this specific need of parents.
- v. We question scoring savings at the expense of sacrificing parental choice and access for parents.

Note: This recommendation should be considered as part of a systematic approach to addressing quality amongst the ranks of licensed and exempt providers.

B. *Recommendation:* *The Governor should work with the Legislature to require health and safety training for exempt providers within the first three months of providing subsidized care. The reimbursement rate would be increased to 60 percent of the appropriate family child care home regional market rate ceiling for the first full month following training. Eliminate the current self-certification process, which costs the state \$1.2 million to administer.*

- i. We support health and safety training for providers.
- ii. We request clarification of the scored savings of \$1.2 million.
- iii. We request clarification of the current self-certification process.
- iv. We request clarification of the outcome for a provider who does not obtain training until month four, or who chooses not to obtain training.
- v. We request clarification of actions for those who do not obtain training after month three.

Note: This recommendation should be considered as part of a systematic approach to addressing quality amongst the ranks of licensed and exempt providers.

C. *Recommendation:* *The Governor should work with the Legislature to increase levels of child care quality that licensed providers can reasonably attain over time. The standards should be based on research linking the standards to measured outcomes. This voluntary system should publicly recognize providers of high quality child care.*

- i. We agree with increasing quality standards, conditioned upon those increases tying reimbursement rates with quality.
- ii. We believe that the RMR be adjusted on a routine basis.
- iii. We would like clarification of the oversight responsibilities (licensing, etc.).
- iv. We would recommend utilizing current developed quality measurement tools.

Note: This recommendation should be considered as part of a systematic approach to addressing quality amongst the ranks of licensed and exempt.

- D. *Recommendation: The Governor should direct the Health and Human Services Agency, or its successor, to work with the Superintendent of Public Instruction to convene a task force with representatives from California Department of Education (CDE), California Department of Social Services (DSS), First 5 Commissions (state and county), the Legislature, the research community, the child care community (private and public sector), and the business community to develop the legislation and implementation plan, focusing first on child care for children ages 0–5.*
- i. We recommend that this task force address child care issues for children aged 0-12.
 - ii. We recommend that the CDE be the lead entity of this task force.

CAPPA again thanks the CPR for the opportunity to comment on the thoughtful recommendations contained in the report. We look forward to a meaningful public discussion of these and other CPR recommendations. Please do not hesitate to contact us at (916) 567-6797 for any questions or additional comments.

Yours truly,

Denyne M. Kowalewski
Executive Director